



**BOARD OF ASSESSORS CHAIRMAN HARVEY B. LEVINSON'S REMARKS  
SUBMITTED TO THE TOWN OF HEMPSTEAD IDA ON JUNE 25, 2007**

I want to thank you for the opportunity to address the board on the Covanta/IDA agreement.

In 2005, I began an extensive review of the PILOT agreements that were on file with the Department of Assessment. The purpose of my investigation was to make sure that unreasonable property tax breaks were not being given to multi-million dollar corporations at the expense of families who struggle to pay some of the highest residential property taxes in the state.

Upon examining the lease between Covanta (previously known as American Ref-Fuel) and the Town of Hempstead IDA, I discovered that the facility was exempted from property taxes for the term of the lease and that the company was not required to pay any PILOT payments to the town, school or fire districts. In short, no taxes or PILOT payments have been paid on the property for 20 years. I am unaware of any other IDA property that gets such a break. As a result the Hempstead Refuse Disposal District imposes a property tax levy on homeowners of over \$48 million.

Based on the cost information which we have, the value of this facility is approximately \$225 million dollars. At current commercial property tax rates (2006/07 school – \$372.143 per hundred dollars of assessed value; 2007 general – \$272.164) the facility would pay about \$14.5 million in taxes each year if it was on the tax rolls.

While it is common for IDAs to offer generous tax incentives or abatements to attract specific industries to an area, they are often limited in increments to ensure that the incentives do not amount to overly generous taxpayer-funded give-a-ways. However, Covanta operates a hugely profitable business – reporting gross revenues in its 2006 annual report of over \$1.2 billion. I would think that after 20 years of not paying any PILOT or property taxes, that the company could afford to pay its fair share at this point-in-time.

I respectfully submit that any original justification for such a huge exemption at taxpayers' expense is no longer viable or fair. As this board is aware, there are only two ways to reduce property taxes: cut operating budgets or expanding the tax base through new construction. By requiring the facility to assume its fair share of the property tax burden – by amending the existing agreement or renegotiating future agreements – you are, in effect, placing the \$225 million dollar facility on the tax rolls. The exemption and PILOT Agreement in place must be thoroughly reviewed and should be amended to correct this flawed and poorly conceived IDA agreement.